

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:

Residents First, LLC,  
  
Debtor.

Case No. 23-49817-mar  
Chapter 11  
Hon. Mark A. Randon

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**MOTION FOR ORDER DIRECTING PRODUCTION  
OF DOCUMENTS AND ORAL EXAMINATION OF  
ARA DARAKJIAN AND SCOTT PISTORIUS OF RESIDENTS FIRST, LLC**

Champion Home Builders, Inc. (“CHB”), through its undersigned counsel, states as follows in support of its *Motion for Order Directing Production of Documents and Oral Examination of Ara Darakjian and Scott Pistorius of Residents First, LLC* (the “Motion”):

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this case pursuant to 28 U.S.C. § 1334 and venue is proper pursuant to 28 U.S.C. § 1408. The Court also has constitutional jurisdiction over the relief sought in this Motion.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O).

**REQUESTED RELIEF**

3. CHB requests that this Court enter an order pursuant to Fed. R. Bankr. P. 2004(a), directing Debtor's sole member and manager, Ara Darakjian ("Darakjian") to produce certain records and directing Ara Darakjian and Debtor's Chief Financial Officer, Scott Pistorius to appear for oral examination by CHB.

4. Resident's First, LLC (the "Debtor") filed its voluntary petition under Chapter 11 of title 11 of the United States Code (the "Code") on November 8, 2023 (the "Petition Date").

5. On December 18, 2023, Debtor, CHB, the United States Trustee, Deborah Fish as the Subchapter V Trustee ("Trustee"), and the United States Small Business Administration ("SBA") filed a *Stipulation for Entry of Order Granting Subchapter V Trustee Expanded Powers* [Doc 49] which expanded the Trustee's powers to include investigatory duties and required that the Debtor to produce documents for investigation and review by the Trustee and CHB.

6. On December 18, 2023, the Court granted the *Stipulated Order Granting Subchapter V Trustee Expanded Powers* [Doc 50] (the "Expanded Powers Order").

7. After CHB's initial Fed. R. Bankr. P. 2004 ("Rule 2004") oral examination of Darakjian and based on the records produced pursuant to the Expanded Powers Order, CHB determined it requires additional records and

information to assist in its investigation of Debtor's transactions and financial affairs.

8. On February 6, 2024, during CHB's initial Fed. R. Bankr. P. 2004 ("Rule 2004") oral examination of Darakjian, CHB requested Darakjian produce additional records and information which included: (a) last known contact information for former employee, Heather Viehlman; (b) the Debtor's general ledger for its Merrill Lynch checking account for period of December 11, 2017 through December 11, 2023; and (c) records supporting Debtor's assertion that it experienced a \$1 million loss of rent in connection with CHB's services that were the subject of CHB's arbitration judgment against Debtor; (collectively, the "Additional Records")

9. Thereafter, CHB, through counsel, sent follow-up emails on February 9, 13, 15 and 20, 2024 requesting the Additional Records. As of the filing of this Motion, Darakjian has not responded to the request and has not produced any of the Additional Records.

10. CHB expects it will also require further oral examination of Darakjian and other representatives of the Debtor, in particular, the Debtor's Chief Financial Officer, Scott Pistorius ("Pistorius") pursuant to Rule 2004 to conduct its investigation of the Debtor's transaction and financial affairs.

### **BASIS FOR REQUESTED RELIEF**

11. Rule 2004 allows parties in interest to inquire into "acts, conduct, or

property or to the liabilities and financial condition of the debtor, or to any matter which may affect the administration of the debtor's estate.”

12. The scope of an inquiry under Rule 2004 is very broad. *Roosen v. Gillespie (In re Gillespie)*, No. 22-12971, 2023 WL 4549561 at \*2 (E.D. Mich. July 14, 2023); *In re Great Lakes Comnet, Inc.*, 558 B.R. 194, 196 (Bankr. W.D. Mich. 2016).

13. The standard for determining the propriety of an examination request under Rule 2004 is “good cause.” *In re Davis*, 452 B.R. 610, 617 (Bankr. E.D. Mich. 2011). “Good cause is established if the one seeking the Rule 2004 examination has shown that such an examination is reasonably necessary for the protection of its legitimate interests.” *Id.*

14. “A court must also balance the examiner’s interest against the subject’s interest in avoiding the cost and burden of disclosure.” *Id.* (internal quotations omitted); *see also In re Gillespie*, 2023 WL 4549561, at \*2.

15. Good cause exists for entry of an order directing production of the additional records and a further Rule 2004 examination of Darakjian as well as Pistorius. As set forth above, the information CHB seeks to discover by this Motion will assist in ascertaining a complete understanding of Debtor’s financial affairs.

16. Notice of this Motion has been served by electronic notice on: (a) the Office of the United States Trustee for this District; (b) the Trustee; (c) Debtor’s

counsel, (d) Debtor at the address listed in Debtor's schedules, and (e) those persons who have requested electronic notice pursuant to the Federal Rules of Bankruptcy Procedure. In light of the nature of the relief requested, CHB requests that this Court find the notice provided for herein sufficient under the circumstances.

WHEREFORE, CHB respectfully requests that this Court enter an order: (a) directing Darakjian to produce the Additional Records and to appear for continued oral examination pursuant to Rule 2004; (c) directing Pistorius to appear for oral examination and (b) granting such further relief that the Court deems just and proper.

Respectfully submitted by:

**TAFT STETTINIUS & HOLLISTER, LLP**

Dated: February 28, 2024

By: /s/ Jay L. Welford

Jay L. Welford (P34471)

Kimberly Ross Clayson (P69804)

Counsel to Champion Home Builders, Inc.

27777 Franklin Road, Suite 2500

Southfield, Michigan 48034

Phone: (248) 351-3000

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*Counsel for Creditor Champion Home  
Builders, Inc.*

**EXHIBIT A**

**(PROPOSED ORDER DIRECTING PRODUCTION  
OF DOCUMENTS AND ORAL EXAMINATION OF  
ARA DARAKJIAN AND SCOTT PISTORIUS OF  
RESIDENTS FIRST, LLC)**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
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***PROPOSED***  
**ORDER DIRECTING PRODUCTION  
OF DOCUMENTS AND ORAL EXAMINATION OF  
ARA DARAKJIAN AND SCOTT PISTORIUS OF RESIDENTS FIRST, LLC**

THIS MATTER is before the Court on *Motion for Order Directing Production of Documents and Oral Examination of Ara Darakjian and Scott Pistorius of Residents First, LLC* (the “Motion”) filed by Champion Home Builders, Inc. (“CHB”); notice of the Motion having been properly served; and no responses or objections were timely filed or served,

NOW THEREFORE, IT IS HEREBY ORDERED, the Motion is GRANTED, Ara Darakjian, is hereby directed to produce the following records to CHB within seven days of the entry of this Order: (a) last known contact information for former employee, Heather Viehlman; (b) the Debtor’s general ledger for its Merrill Lynch checking account for period of December 11, 2017 through December 11, 2023; and (c) records supporting Debtor’s assertion that it experienced a \$1 million loss of rent in connection with CHB’s services that were the subject of CHB’s arbitration

judgment against Debtor;

NOW THEREFORE, IT IS FURHTER ORDERED, that CHB is authorized file and serve upon Debtor a notice of deposition of Ara Darakjian and Scott Pistorius at least seven days in advance of the Rule 2004 examination date.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:

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Debtor.

Case No. 23-49817-mar  
Chapter 11  
Hon. Mark A. Randon

**NOTICE OF MOTION FOR ORDER DIRECTING PRODUCTION  
OF DOCUMENTS AND ORAL EXAMINATION OF  
ARA DARAKJIAN AND SCOTT PISTORIUS OF RESIDENTS FIRST, LLC**

Champion Home Builders, Inc. (“CHB”) has filed papers with the Court seeking entry of an Order pursuant to Fed. R. Bankr. P. 2004, directing Ara Darakjian of Residents First, LLC to produce records and for Ara Darakjian and the Debtor’s CFO, Scott Pistorius to appear for oral examination.

**Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the court to grant the motion, or if you want the court to consider your views on the motion, within fourteen (14) days, you or your attorney must:

1. File with the court a written response or an answer, explaining your position at:<sup>1</sup>

**United States Bankruptcy Court  
211 West Fort Street  
Detroit, Michigan 48226**

If you mail your response to the court for filing, you must mail it early enough so the court will **receive** it on or

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<sup>1</sup> Response or answer must comply with F. R. Civ. P. 8(b), (c) and (e)

before the date stated above. All attorneys are required to file pleadings electronically.

You must also send a copy to:

Jay L. Welford (P34471)  
Kimberly Ross Clayson (P69804)  
Counsel to Champion Home Builders, Inc.  
27777 Franklin Road, Suite 2500  
Southfield, Michigan 48034  
Phone: (248) 351-3000  
jwelford@taftlaw.com  
kclayson@taftlaw.com

2. If a response or answer is timely filed and served, the clerk will schedule a hearing on the motion, and you will be served with a notice of the date, time and location of the hearing.

**If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the motion or objection and may enter an order granting that relief.**

Respectfully submitted by:

**TAFT, STETTINIUS & HOLLISTER,  
LLP**

Dated: February 28, 2024

/s/ Jay L. Welford  
Jay L. Welford (P34471)  
Kimberly Ross Clayson (P69804)  
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*Counsel for Creditor Champion Home  
Builders, Inc.*

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**CERTIFICATE OF SERVICE**

I hereby certify that on February 28, 2024, I caused a copy of the following to  
be served:

- (i) *Motion for Order Directing Production of Documents and Oral Examination of Ara Darakjian and Scott Pistorius of Residents First, LLC;*
- (ii) *Notice of Motion for Order Directing Production of Documents and Oral Examination of Ara Darakjian and Scott Pistorius of Residents First, LLC;*  
and
- (iii) *this Certificate of Service.*

On all parties who are registered to receive electronic notification via the court's  
ECF filing system, including the Debtor's counsel, and the United States Trustee;  
and on the following individual via US Mail first class and postage prepaid:

Ara Darakjian, Responsible Party for Residents First, LLC  
217 Pierce, Ste. 209  
Birmingham, Michigan 48009

Respectfully submitted by:

**TAFT, STETTINIUS & HOLLISTER,  
LLP**

Dated: February 28, 2024

/s/ Jay L. Welford

Jay L. Welford (P34471)

Kimberly Ross Clayson (P69804)

Counsel to Champion Home Builders, Inc.

27777 Franklin Road, Suite 2500

Southfield, Michigan 48034

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[kclayson@taftlaw.com](mailto:kclayson@taftlaw.com)

*Counsel for Creditor Champion Home  
Builders, Inc.*